

SB0029



97TH GENERAL ASSEMBLY

State of Illinois

2011 and 2012

SB0029

Introduced 1/27/2011, by Sen. Chris Lauzen

SYNOPSIS AS INTRODUCED:

See Index

Amends the General Assembly, State Employees, State Universities, Downstate Teachers, and Judges Articles of the Illinois Pension Code. With respect to service on or after July 1, 2011 by current employees, adds provisions concerning the annuity rate of accrual, annuity calculations, automatic annual increases, and survivors' annuities. With respect to later entrants (members who first become members on or after July 1, 2011), adds provisions concerning creditable service, conditions for eligibility, amount of annuities, automatic annual increases, survivors' annuities, and refunds. Defines "salary", "earnings", "compensation", and "wages" for periods of service on and after July 1, 2011 for any participant or member of any retirement system or pension fund under this Code. Effective immediately.

LRB097 00067 AMC 40072 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

A BILL FOR

1 AN ACT concerning public employee benefits.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 ARTICLE 1.

5 Section 1-5. The Illinois Pension Code is amended by adding
6 Sections 2-300, 2-305, 2-310, 2-315, 2-320, 2-325, 2-330,
7 14-300, 14-305, 14-310, 14-315, 14-320, 14-325, 14-330,
8 15-300, 15-305, 15-310, 15-315, 15-320, 15-325, 15-330,
9 16-300, 16-305, 16-310, 16-315, 16-320, 16-325, 16-330,
10 18-300, 18-305, 18-310, 18-315, 18-320, 18-325, and 18-330 as
11 follows:

12 (40 ILCS 5/2-300 new)

13 Sec. 2-300. Provisions applicable to later entrants. The
14 provisions of Sections 2-300, 2-305, 2-310, 2-315, 2-320,
15 2-325, and 2-330 apply only to members who first become members
16 on or after July 1, 2011, who are referred to as "later
17 entrants". Notwithstanding anything in the foregoing
18 provisions of this Article to the contrary, the provisions of
19 Sections 2-300, 2-305, 2-310, 2-315, 2-320, 2-325, and 2-330
20 shall control for later entrants.

21 (40 ILCS 5/2-305 new)

1 Sec. 2-305. Creditable service for later entrants.
2 Creditable service for later entrants under this Article is
3 subject to the following conditions:

4 (a) The maximum amount of creditable service a member may
5 establish under this Article is 35 years.

6 (b) A member may only establish creditable service for his
7 or her service as a member under this Article.

8 (c) A member may not convert any unused sick leave or
9 vacation into creditable service under this Article.

10 (40 ILCS 5/2-310 new)

11 Sec. 2-310. Retirement annuity; conditions for
12 eligibility; later entrants. Later entrants under this Article
13 shall be eligible to claim a retirement annuity under the
14 following conditions:

15 (a) A member may claim a retirement annuity upon attainment
16 of age 67 with at least 10 years of service credit.

17 (b) A member may claim a reduced retirement annuity under
18 subsection (c) of Section 2-315 if he or she has reached age 62
19 and has at least 10 years of service.

20 (40 ILCS 5/2-315 new)

21 Sec. 2-315. Retirement annuity; amount; later entrants.
22 Retirement annuities for later entrants shall be subject to the
23 following conditions:

24 (a) With respect to later entrants, the following

1 limitations shall apply when calculating an annuity under this
2 Article:

3 (1) "Final average salary" means the monthly salary
4 obtained by dividing the total salary of a participant
5 during the period of: (A) the 96 consecutive months of
6 service in which the total salary was the highest within
7 the last 120 months of service, or (B) the total period of
8 service, if less than 96 months, by the number of months of
9 service in such period; provided that the monthly salary to
10 be considered in each of the last 12 months of the final
11 average salary period shall not exceed 125% of the highest
12 salary in any other month in the final average salary
13 period that precedes such final 12-month period. In no
14 event shall the annual final average salary exceed
15 \$106,800, as automatically increased by the lesser of 3% or
16 one-half of the annual increase in the consumer price
17 index-u during the preceding 12-month calendar year.

18 For the purposes of this paragraph (1), "consumer price
19 index-u" means the index published by the Bureau of Labor
20 Statistics of the United States Department of Labor that
21 measures the average change in prices of goods and services
22 purchased by all urban consumers, United States city
23 average, all items, 1982-84 = 100. The new amount resulting
24 from each annual adjustment shall be determined by the
25 Public Pension Division of the Department of Insurance and
26 made available to the boards of the retirement systems and

1 pension funds.

2 (2) "Salary" means base salary paid to a member.

3 (b) The retirement annuity shall be 2% of final average
4 salary for each year of service.

5 (40 ILCS 5/2-320 new)

6 Sec. 2-320. Survivors' annuities for survivors of later
7 entrants. The initial survivor's annuity of an otherwise
8 eligible survivor of a later entrant shall be in the amount of
9 66 2/3% of the participant's earned retirement annuity at the
10 date of death and shall be increased (1) on each January 1
11 occurring on or after the commencement of the annuity if the
12 deceased member died while receiving a retirement annuity or
13 (2) in other cases, on each January 1 occurring after the first
14 anniversary of the commencement of the annuity. Each annual
15 increase shall be calculated at the lesser of (1) 3% or (2)
16 one-half of the percentage increase, if any, in the Consumer
17 Price Index for All Urban Consumers measured from the preceding
18 January 1 to the January 1 of the year during which the
19 increase is being granted. The increase for each year shall be
20 applied to the amount of the recipient's originally granted
21 annuity.

22 (40 ILCS 5/2-325 new)

23 Sec. 2-325. Automatic annual increases for later entrants.
24 Notwithstanding any other provision of this Article, a person

1 receiving a retirement or survivor annuity under Sections 2-315
2 or 2-320 shall, on the first anniversary of retirement, but not
3 before attaining the full (normal) retirement age as provided
4 in the federal Social Security Act, and annually thereafter,
5 have his or her annuity increased by the lesser of (1) 3% or
6 (2) one-half of the percentage increase, if any, in the
7 Consumer Price Index for All Urban Consumers measured from the
8 preceding January 1 to the January 1 of the year during which
9 the increase is being granted. The increase for each year shall
10 be applied to the amount of the recipient's originally granted
11 annuity.

12 (40 ILCS 5/2-330 new)

13 Sec. 2-330. Refunds; later entrants. A participant who is a
14 later entrant and who ceases to be a member, other than an
15 annuitant, shall, upon written request, receive a refund of his
16 or her total contributions. Upon re-entry into service as a
17 member, a former member who was a later entrant may reestablish
18 any creditable service forfeited by acceptance of a refund by
19 paying to the System the full amount refunded, plus interest at
20 the actuarially assumed rate, not compounded, from the date of
21 payment of the refund to the date of repayment.

22 (40 ILCS 5/14-300 new)

23 Sec. 14-300. Provisions applicable to later entrants. The
24 provisions of Sections 14-300, 14-305, 14-310, 14-315, 14-320,

1 14-325, and 14-330 apply only to employees who first become
2 employees on or after July 1, 2011, who are referred to as
3 "later entrants". Notwithstanding anything in the foregoing
4 provisions of this Article to the contrary, the provisions of
5 Sections 14-300, 14-305, 14-310, 14-315, 14-320, 14-325, and
6 14-330 shall control for later entrants.

7 (40 ILCS 5/14-305 new)

8 Sec. 14-305. Creditable service for later entrants.
9 Creditable service for later entrants under this Article is
10 subject to the following conditions:

11 (a) The maximum amount of creditable service a member may
12 establish under this Article is 35 years.

13 (b) A member may only establish creditable service for his
14 or her membership service, as defined in Section 14-103.13.

15 (c) A member may not convert any unused sick leave or
16 vacation into creditable service under this Article.

17 (40 ILCS 5/14-315 new)

18 Sec. 14-315. Retirement annuity; amount; later entrants.

19 (a) With respect to calculating an annuity under this
20 Article for later entrants, "compensation" means a member's
21 base compensation.

22 (b) The retirement annuity shall be (1) 1.5% of final
23 average compensation for each year of service for covered
24 employees or (2) 2% of final average compensation for each year

1 of service for noncovered employees.

2 (40 ILCS 5/14-330 new)

3 Sec. 14-330. Refunds; later entrants. An employee who is a
4 later entrant and who ceases to be a member, other than an
5 annuitant, shall, upon written request, receive a refund of his
6 or her total contributions. Upon re-entry into service as a
7 member, a former member who was a later entrant may reestablish
8 any creditable service forfeited by acceptance of a refund by
9 paying to the System the full amount refunded, plus interest at
10 actuarially assumed rate, not compounded, from the date of
11 payment of the refund to the date of repayment.

12 (40 ILCS 5/15-300 new)

13 Sec. 15-300. Provisions applicable to later entrants. The
14 provisions of Sections 15-300, 15-305, 15-310, 15-315, 15-320,
15 15-325, and 15-330 apply only to employees who first become
16 employees on or after July 1, 2011, who are referred to as
17 "later entrants". Notwithstanding anything in the foregoing
18 provisions of this Article to the contrary, the provisions of
19 Sections 15-300, 15-305, 15-310, 15-315, 15-320, 15-325, and
20 15-330 shall control for later entrants.

21 (40 ILCS 5/15-305 new)

22 Sec. 15-305. Creditable service for later entrants.
23 Creditable service for later entrants under this Article is

1 subject to the following conditions:

2 (a) The maximum amount of creditable service a member may
3 establish under this Article is 35 years.

4 (b) A member may only establish creditable service for his
5 or her service for employment with an employer, as defined in
6 Section 15-106.

7 (c) A member may not convert any unused sick leave or
8 vacation into creditable service under this Article.

9 (40 ILCS 5/15-315 new)

10 Sec. 15-315. Retirement annuity; amount; later entrants.

11 (a) With respect to calculating an annuity under this
12 Article for later entrants, "earnings" means an employee's base
13 earnings.

14 (b) The retirement annuity shall be 2% of the final rate of
15 earnings for each year of service.

16 (40 ILCS 5/15-330 new)

17 Sec. 15-330. Refunds; later entrants. An employee who is a
18 later entrant and who ceases to be a participant, other than an
19 annuitant, shall, upon written request, receive a refund of his
20 or her total contributions. Upon re-entry into service as an
21 employee, a former participant who was a later entrant may
22 reestablish any creditable service forfeited by acceptance of a
23 refund by paying to the System the full amount refunded, plus
24 interest at the actuarially assumed rate, not compounded, from

1 the date of payment of the refund to the date of repayment.

2 (40 ILCS 5/16-300 new)

3 Sec. 16-300. Provisions applicable to later entrants. The
4 provisions of Sections 16-300, 16-305, 16-310, 16-315, 16-320,
5 16-325, and 16-330 apply only to teachers who first become
6 teachers on or after July 1, 2011, who are referred to as
7 "later entrants". Notwithstanding anything in the foregoing
8 provisions of this Article to the contrary, the provisions of
9 Sections 16-300, 16-305, 16-310, 16-315, 16-320, 16-325, and
10 16-330 shall control for later entrants.

11 (40 ILCS 5/16-305 new)

12 Sec. 16-305. Creditable service for later entrants.
13 Creditable service for later entrants under this Article is
14 subject to the following conditions:

15 (a) The maximum amount of creditable service a member may
16 establish under this Article is 35 years.

17 (b) A member may only establish creditable service for his
18 or her service for employment as a teacher, as defined in
19 Section 16-106.

20 (c) A member may not convert any unused sick leave or
21 vacation into creditable service under this Article.

22 (40 ILCS 5/16-315 new)

23 Sec. 16-315. Retirement annuity; amount; later entrants.

1 (a) With respect to calculating an annuity under this
2 Article for later entrants, "salary" means base salary paid to
3 a member.

4 (b) The retirement annuity shall be 2% of final average
5 salary for each year of service.

6 (40 ILCS 5/16-330 new)

7 Sec. 16-330. Refunds; later entrants. A teacher who is a
8 later entrant and who ceases to be a member, other than an
9 annuitant, shall, upon written request, receive a refund of his
10 or her total contributions. Upon re-entry into service as a
11 teacher, a former member who was a later entrant may
12 reestablish any creditable service forfeited by acceptance of a
13 refund by paying to the System the full amount refunded, plus
14 interest at the actuarially assumed rate, not compounded, from
15 the date of payment of the refund to the date of repayment.

16 (40 ILCS 5/18-300 new)

17 Sec. 18-300. Provisions applicable to later entrants. The
18 provisions of Sections 18-300, 18-305, 18-310, 18-315, 18-320,
19 18-325, and 18-330 apply only to judges who first become judges
20 on or after July 1, 2011, who are referred to as "later
21 entrants". Notwithstanding anything in the foregoing
22 provisions of this Article to the contrary, the provisions of
23 Sections 18-300, 18-305, 18-310, 18-315, 18-320, 18-325, and
24 18-330 shall control for later entrants.

1 (40 ILCS 5/18-305 new)

2 Sec. 18-305. Creditable service for later entrants.
3 Creditable service for later entrants under this Article is
4 subject to the following conditions:

5 (a) The maximum amount of creditable service a member may
6 establish under this Article is 35 years.

7 (b) A participant may only establish creditable service for
8 his or her service for employment as a judge, as defined in
9 Section 18-112.

10 (c) A member may not convert any unused sick leave or
11 vacation into creditable service under this Article.

12 (40 ILCS 5/18-310 new)

13 Sec. 18-310. Retirement annuity; conditions for
14 eligibility; later entrants. Later entrants under this Article
15 shall be eligible to claim a retirement annuity under the
16 following conditions:

17 (a) A participant may claim a retirement annuity upon
18 attainment of age 67 with at least 10 years of service credit.

19 (b) A participant may claim a reduced retirement annuity
20 under subsection (c) of Section 18-315 if he or she has reached
21 age 62 and has at least 10 years of service.

22 (40 ILCS 5/18-315 new)

23 Sec. 18-315. Retirement annuity; amount; later entrants.

1 Retirement annuities for later entrants shall be subject to the
2 following conditions:

3 (a) With respect to later entrants, the following
4 limitations shall apply when calculating an annuity under this
5 Article:

6 (1) "Final average salary" means the monthly salary
7 obtained by dividing the total salary of a participant
8 during the period of: (A) the 96 consecutive months of
9 service in which the total salary was the highest within
10 the last 120 months of service, or (B) the total period of
11 service, if less than 96 months, by the number of months of
12 service in such period; provided that the monthly salary to
13 be considered in each of the last 12 months of the final
14 average salary period shall not exceed 125% of the highest
15 salary in any other month in the final average salary
16 period that precedes such final 12-month period. In no
17 event shall the annual final average salary exceed
18 \$106,800, as automatically increased by the lesser of 3% or
19 one-half of the annual increase in the consumer price
20 index-u during the preceding 12-month calendar year.

21 For the purposes of this paragraph (1), "consumer price
22 index-u" means the index published by the Bureau of Labor
23 Statistics of the United States Department of Labor that
24 measures the average change in prices of goods and services
25 purchased by all urban consumers, United States city
26 average, all items, 1982-84 = 100. The new amount resulting

1 from each annual adjustment shall be determined by the
2 Public Pension Division of the Department of Insurance and
3 made available to the boards of the retirement systems and
4 pension funds.

5 (2) "Salary" means base salary paid to a participant.

6 (b) The retirement annuity shall be 2% of final average
7 salary for each year of service.

8 (40 ILCS 5/18-320 new)

9 Sec. 18-320. Survivors' annuities for survivors of later
10 entrants. The initial survivor's annuity of an otherwise
11 eligible survivor of a later entrant shall be in the amount of
12 66 2/3% of the participant's earned retirement annuity at the
13 date of death and shall be increased (1) on each January 1
14 occurring on or after the commencement of the annuity if the
15 deceased member died while receiving a retirement annuity or
16 (2) in other cases, on each January 1 occurring after the first
17 anniversary of the commencement of the annuity. Each annual
18 increase shall be calculated at the lesser of (1) 3% or (2)
19 one-half of the percentage increase, if any, in the Consumer
20 Price Index for All Urban Consumers measured from the preceding
21 January 1 to the January 1 of the year during which the
22 increase is being granted. The increase for each year shall be
23 applied to the amount of the recipient's originally granted
24 annuity.

1 (40 ILCS 5/18-325 new)

2 Sec. 18-325. Automatic annual increases for later
3 entrants. Notwithstanding any other provision of this Article,
4 a person receiving a retirement or survivor annuity under
5 Sections 18-315 or 18-320 shall, on the first anniversary of
6 retirement, but not before attaining the full (normal)
7 retirement age as provided in the federal Social Security Act,
8 and annually thereafter, have his or her annuity increased by
9 the lesser of (1) 3% or (2) one-half of the percentage
10 increase, if any, in the Consumer Price Index for All Urban
11 Consumers measured from the preceding January 1 to the January
12 1 of the year during which the increase is being granted. The
13 increase for each year shall be applied to the amount of the
14 recipient's originally granted annuity.

15 (40 ILCS 5/18-330 new)

16 Sec. 18-330. Refunds; later entrants. A judge who was a
17 later entrant and who ceases to be a participant, other than an
18 annuitant, shall, upon written request, receive a refund of his
19 or her total contributions. Upon re-entry into service as a
20 judge, a former participant who was a later entrant may
21 reestablish any creditable service forfeited by acceptance of a
22 refund by paying to the System the full amount refunded, plus
23 interest at the actuarially assumed rate, not compounded, from
24 the date of payment of the refund to the date of repayment.

1

ARTICLE 2.

2 Section 2-1. Legislative intent. Article XIII, Section 5 of
3 the 1970 Illinois State Constitution provides public employees
4 a right to retain their contractual rights to pension benefits
5 that they have already earned. The goal and intent of the
6 following provisions is to preserve the accrued benefits of
7 members in the five State pension systems, while making changes
8 on a prospective basis to protect the funded status of each
9 State pension system, thereby preserving each system's ability
10 to provide benefits for all members.

11 Section 2-5. The Illinois Pension Code is amended by adding
12 Sections 2-400, 2-405, 2-410, 2-415, 2-420, 2-425, 14-400,
13 14-405, 14-410, 14-415, 14-420, 14-425, 15-400, 15-405,
14 15-410, 15-415, 15-420, 15-425, 16-400, 16-405, 16-410,
15 16-415, 16-420, 16-425, 18-400, 18-405, 18-410, 18-415,
16 18-420, and 18-425 as follows:

17 (40 ILCS 5/2-400 new)

18 Sec. 2-400. Provisions applicable to benefit accruals on or
19 after July 1, 2011. Notwithstanding anything in the foregoing
20 provisions of this Article to the contrary, the provisions of
21 Sections 2-405, 2-410, 2-415, and 2-420 shall control for any
22 annuity calculations and benefit accruals by members besides
23 later entrants on or after July 1, 2011.

1 (40 ILCS 5/2-405 new)

2 Sec. 2-405. Rate of accrual on or after July 1, 2011. For
3 all service by a member on or after July 1, 2011, the annual
4 retirement annuity rate of accrual is 2% of final average
5 salary for each year of service.

6 (40 ILCS 5/2-410 new)

7 Sec. 2-410. Annuity calculations for benefit accruals on or
8 after July 1, 2011. For purposes of calculating an annuity
9 based on service performed on or after July 1, 2011, the
10 following rules apply to benefit accruals on or after July 1,
11 2011:

12 (a) "Final average salary" means the monthly salary
13 obtained by dividing the total salary of a participant during
14 the period of: (A) the 96 consecutive months of service in
15 which the total salary was the highest within the last 120
16 months of service, or (B) the total period of service, if less
17 than 96 months, by the number of months of service in such
18 period; provided that the monthly salary to be considered in
19 each of the last 12 months of the final average salary period
20 shall not exceed 125% of the highest salary in any other month
21 in the final average salary period that precedes such final
22 12-month period. In no event shall the annual final average
23 salary exceed \$106,800, as automatically increased by the
24 lesser of 3% or one-half of the annual increase in the consumer

1 price index-u during the preceding 12-month calendar year.

2 For the purposes of this Section, "consumer price index-u"
3 means the index published by the Bureau of Labor Statistics of
4 the United States Department of Labor that measures the average
5 change in prices of goods and services purchased by all urban
6 consumers, United States city average, all items, 1982-84 =
7 100. The new amount resulting from each annual adjustment shall
8 be determined by the Public Pension Division of the Department
9 of Insurance and made available to the boards of the retirement
10 systems and pension funds.

11 (b) "Salary" means base salary paid to a member.

12 (c) The portion of any annuity earned on or after July 1,
13 2011 shall be reduced by one-half of 1% for each month that the
14 member's retirement age is under the full (normal) retirement
15 age as provided in the federal Social Security Act.

16 (d) The maximum amount of creditable service a member may
17 establish on or after July 1, 2011 is 35 years.

18 (40 ILCS 5/2-415 new)

19 Sec. 2-415. Automatic annual increases for accruals on or
20 after July 1, 2011. A person receiving an annuity based on
21 service performed on or after July 1, 2011 shall, on the first
22 anniversary of retirement, but not before attaining the full
23 (normal) retirement age as provided in the federal Social
24 Security Act, and annually thereafter, have the portion of his
25 or her annuity earned on or after July 1, 2011 increased by the

1 lesser of (1) 3% or (2) one-half of the percentage increase, if
2 any, in the Consumer Price Index for All Urban Consumers
3 measured from the preceding January 1 to the January 1 of the
4 year during which the increase is being granted. The increase
5 for each year shall be applied to the amount of the recipient's
6 originally granted annuity.

7 (40 ILCS 5/2-420 new)

8 Sec. 2-420. Calculation of annuity. When calculating an
9 annuity for a participant who has service before and after July
10 1, 2011, the participant's total accrued benefit shall be the
11 sum of (A) the participant's benefit accruals prior to July 1,
12 2011 as if the participant had retired on that date, and (B)
13 the participant's benefit accruals on or after July 1, 2011, as
14 modified by the rules in sections 2-405, 2-410, and 2-415.
15 Within 180 days after the effective date of this amendatory Act
16 of the 96th General Assembly, the system shall promulgate rules
17 and regulations to effectuate the provisions of this amendatory
18 Act of the 96th General Assembly. In no event shall the
19 participant's total accrued benefit be less, at his retirement,
20 than if the participant's entire period of service had been as
21 a later entrant.

22 (40 ILCS 5/2-425 new)

23 Sec. 2-425. Survivors' annuities based on service
24 performed on or after July 1, 2011. For purposes of calculating

1 an annuity based on service performed on or after July 1, 2011,
2 the initial survivor's annuity of an otherwise eligible
3 survivor shall be in the amount of 66 2/3% of the participant's
4 earned retirement annuity at the date of death and shall be
5 increased (1) on each January 1 occurring on or after the
6 commencement of the annuity if the deceased member died while
7 receiving a retirement annuity or (2) in other cases, on each
8 January 1 occurring after the first anniversary of the
9 commencement of the annuity. Each annual increase shall be
10 calculated at the lesser of (1) 3% or (2) one-half of the
11 percentage increase, if any, in the Consumer Price Index for
12 All Urban Consumers measured from the preceding January 1 to
13 the January 1 of the year during which the increase is being
14 granted. The increase for each year shall be applied to the
15 amount of the recipient's originally granted annuity.

16 (40 ILCS 5/14-400 new)

17 Sec. 14-400. Provisions applicable to benefit accruals on
18 or after July 1, 2011. Notwithstanding anything in the
19 foregoing provisions of this Article to the contrary, the
20 provisions of Sections 14-405, 14-410, 14-415, and 14-420 shall
21 control for any annuity calculations and benefit accruals by
22 employees besides later entrants on or after July 1, 2011.

23 (40 ILCS 5/14-405 new)

24 Sec. 14-405. Rate of accrual on or after July 1, 2011. For

1 all service by an employee on or after July 1, 2011, the annual
2 retirement annuity rate of accrual is 2% of final average
3 compensation for each year of service for noncovered employees
4 and 1.5% of final average compensation for each year of service
5 for covered employees.

6 (40 ILCS 5/14-410 new)

7 Sec. 14-410. Annuity calculations for benefit accruals on
8 or after July 1, 2011. For purposes of calculating an annuity
9 based on service performed on or after July 1, 2011, the
10 following rules apply to benefit accruals on or after July 1,
11 2011:

12 (a) "Final average compensation" means the monthly
13 compensation obtained by dividing the total compensation of an
14 employee during the period of: (A) the 96 consecutive months of
15 service in which the total compensation was the highest within
16 the last 120 months of service, or (B) the total period of
17 service, if less than 96 months, by the number of months of
18 service in such period; provided that the monthly compensation
19 to be considered in each of the last 12 months of the final
20 average compensation period shall not exceed 125% of the
21 highest compensation in any other month in the final average
22 compensation period that precedes such final 12-month period.
23 In no event shall the annual final average compensation exceed
24 \$106,800, as automatically increased by the lesser of 3% or
25 one-half of the annual increase in the consumer price index-u

1 during the preceding 12-month calendar year.

2 For the purposes of this Section, "consumer price index-u"
3 means the index published by the Bureau of Labor Statistics of
4 the United States Department of Labor that measures the average
5 change in prices of goods and services purchased by all urban
6 consumers, United States city average, all items, 1982-84 =
7 100. The new amount resulting from each annual adjustment shall
8 be determined by the Public Pension Division of the Department
9 of Insurance and made available to the boards of the retirement
10 systems and pension funds.

11 (b) "Compensation" means base compensation paid to an
12 employee.

13 (c) The portion of any annuity earned on or after July 1,
14 2011 shall be reduced by one-half of 1% for each month that the
15 employee's retirement age is under the full (normal) retirement
16 age as provided in the federal Social Security Act.

17 (d) The maximum amount of creditable service an employee
18 may establish on or after July 1, 2011 is 35 years.

19 (40 ILCS 5/14-415 new)

20 Sec. 14-415. Automatic annual increases for accruals on or
21 after July 1, 2011. A person receiving an annuity based on
22 service performed on or after July 1, 2011 shall, on the first
23 anniversary of retirement, but not before attaining the full
24 (normal) retirement age as provided in the federal Social
25 Security Act, and annually thereafter, have the portion of his

1 or her annuity earned on or after July 1, 2011 increased by the
2 lesser of (1) 3% or (2) one-half of the percentage increase, if
3 any, in the Consumer Price Index for All Urban Consumers
4 measured from the preceding January 1 to the January 1 of the
5 year during which the increase is being granted. The increase
6 for each year shall be applied to the amount of the recipient's
7 originally granted annuity.

8 (40 ILCS 5/14-420 new)

9 Sec. 14-420. Calculation of annuity. When calculating an
10 annuity for an employee who has service before and after July
11 1, 2011, the employee's total accrued benefit shall be the sum
12 of (A) the employee's benefit accruals prior to July 1, 2011 as
13 if the employee had retired on that date, and (B) the
14 employee's benefit accruals on or after July 1, 2011, as
15 modified by the rules in sections 14-405, 14-410, and 14-415.
16 Within 180 days after the effective date of this amendatory Act
17 of the 96th General Assembly, the system shall promulgate rules
18 and regulations to effectuate the provisions of this amendatory
19 Act of the 96th General Assembly. In no event shall the
20 employee's total accrued benefit be less, at his retirement,
21 than if the employee's entire period of service had been as a
22 later entrant.

23 (40 ILCS 5/14-425 new)

24 Sec. 14-425. Survivors' annuities based on service

1 performed on or after July 1, 2011. For purposes of calculating
2 an annuity based on service performed on or after July 1, 2011,
3 the initial survivor's annuity of an otherwise eligible
4 survivor shall be in the amount of 66 2/3% of the participant's
5 earned retirement annuity at the date of death and shall be
6 increased (1) on each January 1 occurring on or after the
7 commencement of the annuity if the deceased member died while
8 receiving a retirement annuity or (2) in other cases, on each
9 January 1 occurring after the first anniversary of the
10 commencement of the annuity. Each annual increase shall be
11 calculated at the lesser of (1) 3% or (2) one-half of the
12 percentage increase, if any, in the Consumer Price Index for
13 All Urban Consumers measured from the preceding January 1 to
14 the January 1 of the year during which the increase is being
15 granted. The increase for each year shall be applied to the
16 amount of the recipient's originally granted annuity.

17 (40 ILCS 5/15-400 new)

18 Sec. 15-400. Provisions applicable to benefit accruals on
19 or after July 1, 2011. Notwithstanding anything in the
20 foregoing provisions of this Article to the contrary, the
21 provisions of Sections 15-405, 15-410, 15-415, and 15-420 shall
22 control for any annuity calculations and benefit accruals by
23 employees besides later entrants on or after July 1, 2011.

24 (40 ILCS 5/15-405 new)

1 Sec. 15-405. Rate of accrual on or after July 1, 2011. For
2 all service by an employee on or after July 1, 2011, the annual
3 retirement annuity rate of accrual is 2% of final rate of
4 earnings for each year of service.

5 (40 ILCS 5/15-410 new)

6 Sec. 15-410. Annuity calculations for benefit accruals on
7 or after July 1, 2011. For purposes of calculating an annuity
8 based on service performed on or after July 1, 2011, the
9 following rules apply to benefit accruals on or after July 1,
10 2011:

11 (a) "Final rate of earnings" means the monthly earnings
12 obtained by dividing the total earnings of an employee during
13 the period of: (A) the 96 consecutive months of service in
14 which the total earnings was the highest within the last 120
15 months of service, or (B) the total period of service, if less
16 than 96 months, by the number of months of service in such
17 period; provided that the monthly earnings to be considered in
18 each of the last 12 months of the final rate of earnings period
19 shall not exceed 125% of the highest earnings in any other
20 month in the final rate of earnings period that precedes such
21 final 12-month period. In no event shall the annual final rate
22 of earnings exceed \$106,800, as automatically increased by the
23 lesser of 3% or one-half of the annual increase in the consumer
24 price index-u during the preceding 12-month calendar year.

25 For the purposes of this Section, "consumer price index-u"

1 means the index published by the Bureau of Labor Statistics of
2 the United States Department of Labor that measures the average
3 change in prices of goods and services purchased by all urban
4 consumers, United States city average, all items, 1982-84 =
5 100. The new amount resulting from each annual adjustment shall
6 be determined by the Public Pension Division of the Department
7 of Insurance and made available to the boards of the retirement
8 systems and pension funds.

9 (b) "Earnings" means base salary paid to an employee.

10 (c) The portion of any annuity earned on or after July 1,
11 2011 shall be reduced by one-half of 1% for each month that the
12 employee's retirement age is under the full (normal) retirement
13 age as provided in the federal Social Security Act.

14 (d) The maximum amount of creditable service an employee
15 may establish on or after July 1, 2011 is 35 years.

16 (40 ILCS 5/15-415 new)

17 Sec. 15-415. Automatic annual increases for accruals on or
18 after July 1, 2011. A person receiving an annuity based on
19 service performed on or after July 1, 2011 shall, on the first
20 anniversary of retirement, but not before attaining the full
21 (normal) retirement age as provided in the federal Social
22 Security Act, and annually thereafter, have the portion of his
23 or her annuity earned on or after July 1, 2011 increased by the
24 lesser of (1) 3% or (2) one-half of the percentage increase, if
25 any, in the Consumer Price Index for All Urban Consumers

1 measured from the preceding January 1 to the January 1 of the
2 year during which the increase is being granted. The increase
3 for each year shall be applied to the amount of the recipient's
4 originally granted annuity.

5 (40 ILCS 5/15-420 new)

6 Sec. 15-420. Calculation of annuity. When calculating an
7 annuity for a participant who has service before and after July
8 1, 2011, the participant's total accrued benefit shall be the
9 sum of (A) the participant's benefit accruals prior to July 1,
10 2011 as if the participant had retired on that date, and (B)
11 the participant's benefit accruals on or after July 1, 2011, as
12 modified by the rules in sections 15-405, 15-410, and 15-415.
13 Within 180 days after the effective date of this amendatory Act
14 of the 96th General Assembly, the system shall promulgate rules
15 and regulations to effectuate the provisions of this amendatory
16 Act of the 96th General Assembly. In no event shall the
17 participant's total accrued benefit be less, at his retirement,
18 than if the participant's entire period of service had been as
19 a later entrant.

20 (40 ILCS 5/15-425 new)

21 Sec. 15-425. Survivors' annuities based on service
22 performed on or after July 1, 2011. For purposes of calculating
23 an annuity based on service performed on or after July 1, 2011,
24 the initial survivor's annuity of an otherwise eligible

1 survivor shall be in the amount of 66 2/3% of the participant's
2 earned retirement annuity at the date of death and shall be
3 increased (1) on each January 1 occurring on or after the
4 commencement of the annuity if the deceased member died while
5 receiving a retirement annuity or (2) in other cases, on each
6 January 1 occurring after the first anniversary of the
7 commencement of the annuity. Each annual increase shall be
8 calculated at the lesser of (1) 3% or (2) one-half of the
9 percentage increase, if any, in the Consumer Price Index for
10 All Urban Consumers measured from the preceding January 1 to
11 the January 1 of the year during which the increase is being
12 granted. The increase for each year shall be applied to the
13 amount of the recipient's originally granted annuity.

14 (40 ILCS 5/16-400 new)

15 Sec. 16-400. Provisions applicable to benefit accruals on
16 or after July 1, 2011. Notwithstanding anything in the
17 foregoing provisions of this Article to the contrary, the
18 provisions of Sections 16-405, 16-410, 16-415, and 16-420 shall
19 control for any annuity calculations and benefit accruals by
20 teachers besides later entrants on or after July 1, 2011.

21 (40 ILCS 5/16-405 new)

22 Sec. 16-405. Rate of accrual on or after July 1, 2011. For
23 all service by a teacher on or after July 1, 2011, the annual
24 retirement annuity rate of accrual is 2% of final average

1 salary for each year of service.

2 (40 ILCS 5/16-410 new)

3 Sec. 16-410. Annuity calculations for benefit accruals on
4 or after July 1, 2011. For purposes of calculating an annuity
5 based on service performed on or after July 1, 2011, the
6 following rules apply to benefit accruals on or after July 1,
7 2011:

8 (a) "Final average salary" means the monthly salary
9 obtained by dividing the total salary of an teacher during the
10 period of: (A) the 96 consecutive months of service in which
11 the total salary was the highest within the last 120 months of
12 service, or (B) the total period of service, if less than 96
13 months, by the number of months of service in such period;
14 provided that the monthly salary to be considered in each of
15 the last 12 months of the final average salary period shall not
16 exceed 125% of the highest salary in any other month in the
17 final average salary period that precedes such final 12 month
18 period. In no event shall the annual final average salary
19 exceed \$106,800, as automatically increased by the lesser of 3%
20 or one-half of the annual increase in the consumer price
21 index-u during the preceding 12-month calendar year.

22 For the purposes of this Section, "consumer price index-u"
23 means the index published by the Bureau of Labor Statistics of
24 the United States Department of Labor that measures the average
25 change in prices of goods and services purchased by all urban

1 consumers, United States city average, all items, 1982-84 =
2 100. The new amount resulting from each annual adjustment shall
3 be determined by the Public Pension Division of the Department
4 of Insurance and made available to the boards of the retirement
5 systems and pension funds.

6 (b) "Salary" means base salary paid to a teacher.

7 (c) The portion of any annuity earned on or after July 1,
8 2011 shall be reduced by one-half of 1% for each month that the
9 teacher's retirement age is under the full (normal) retirement
10 age as provided in the federal Social Security Act.

11 (d) The maximum amount of creditable service a teacher may
12 establish on or after July 1, 2011 is 35 years.

13 (40 ILCS 5/16-415 new)

14 Sec. 16-415. Automatic annual increases for accruals on or
15 after July 1, 2011. A person receiving an annuity based on
16 service performed on or after July 1, 2011 shall, on the first
17 anniversary of retirement, but not before attaining the full
18 (normal) retirement age as provided in the federal Social
19 Security Act, and annually thereafter, have the portion of his
20 or her annuity earned on or after July 1, 2011 increased by the
21 lesser of (1) 3% or (2) one-half of the percentage increase, if
22 any, in the Consumer Price Index for All Urban Consumers
23 measured from the preceding January 1 to the January 1 of the
24 year during which the increase is being granted. The increase
25 for each year shall be applied to the amount of the recipient's

1 originally granted annuity.

2 (40 ILCS 5/16-420 new)

3 Sec. 16-420. Calculation of annuity. When calculating an
4 annuity for a teacher who has service before and after July 1,
5 2011, the teacher's total accrued benefit shall be the sum of
6 (A) the teacher's benefit accruals prior to July 1, 2011 as if
7 the teacher had retired on that date, and (B) the teacher's
8 benefit accruals on or after July 1, 2011, as modified by the
9 rules in sections 16-405, 16-410, and 16-415. Within 180 days
10 after the effective date of this amendatory Act of the 96th
11 General Assembly, the system shall promulgate rules and
12 regulations to effectuate the provisions of this amendatory Act
13 of the 96th General Assembly. In no event shall the teacher's
14 total accrued benefit be less, at his retirement, than if the
15 teacher's entire period of service had been as a later entrant.

16 (40 ILCS 5/16-425 new)

17 Sec. 16-425. Survivors' annuities based on service
18 performed on or after July 1, 2011. For purposes of calculating
19 an annuity based on service performed on or after July 1, 2011,
20 the initial survivor's annuity of an otherwise eligible
21 survivor shall be in the amount of 66 2/3% of the participant's
22 earned retirement annuity at the date of death and shall be
23 increased (1) on each January 1 occurring on or after the
24 commencement of the annuity if the deceased member died while

1 receiving a retirement annuity or (2) in other cases, on each
2 January 1 occurring after the first anniversary of the
3 commencement of the annuity. Each annual increase shall be
4 calculated at the lesser of (1) 3% or (2) one-half of the
5 percentage increase, if any, in the Consumer Price Index for
6 All Urban Consumers measured from the preceding January 1 to
7 the January 1 of the year during which the increase is being
8 granted. The increase for each year shall be applied to the
9 amount of the recipient's originally granted annuity.

10 (40 ILCS 5/18-400 new)

11 Sec. 18-400. Provisions applicable to benefit accruals on
12 or after July 1, 2011. Notwithstanding anything in the
13 foregoing provisions of this Article to the contrary, the
14 provisions of Sections 18-405, 18-410, 18-415, and 18-420 shall
15 control for any annuity calculations and benefit accruals by
16 judges besides later entrants on or after July 1, 2011.

17 (40 ILCS 5/18-405 new)

18 Sec. 18-405. Rate of accrual on or after July 1, 2011. For
19 all service by a judge on or after July 1, 2011, the annual
20 retirement annuity rate of accrual is 2% of final average
21 salary for each year of service.

22 (40 ILCS 5/18-410 new)

23 Sec. 18-410. Annuity calculations for benefit accruals on

1 or after July 1, 2011. For purposes of calculating an annuity
2 based on service performed on or after July 1, 2011, the
3 following rules apply to benefit accruals on or after July 1,
4 2011:

5 (a) "Final average salary" means the monthly salary
6 obtained by dividing the total salary of an judge during the
7 period of: (A) the 96 consecutive months of service in which
8 the total salary was the highest within the last 120 months of
9 service, or (B) the total period of service, if less than 96
10 months, by the number of months of service in such period;
11 provided that the monthly salary to be considered in each of
12 the last 12 months of the final average salary period shall not
13 exceed 125% of the highest salary in any other month in the
14 final average salary period that precedes such final 12 month
15 period. In no event shall the annual final average salary
16 exceed \$106,800, as automatically increased by the lesser of 3%
17 or one-half of the annual increase in the consumer price
18 index-u during the preceding 12-month calendar year.

19 For the purposes of this Section, "consumer price index-u"
20 means the index published by the Bureau of Labor Statistics of
21 the United States Department of Labor that measures the average
22 change in prices of goods and services purchased by all urban
23 consumers, United States city average, all items, 1982-84 =
24 100. The new amount resulting from each annual adjustment shall
25 be determined by the Public Pension Division of the Department
26 of Insurance and made available to the boards of the retirement

1 systems and pension funds.

2 (b) "Salary" means base salary paid to a judge.

3 (c) The portion of any annuity earned on or after July 1,
4 2011 shall be reduced by one-half of 1% for each month that the
5 judge's retirement age is under the full (normal) retirement
6 age as provided in the federal Social Security Act.

7 (d) The maximum amount of creditable service a judge may
8 establish on or after July 1, 2011 is 35 years.

9 (40 ILCS 5/18-415 new)

10 Sec. 18-415. Automatic annual increases for accruals on or
11 after July 1, 2011. A person receiving an annuity based on
12 service performed on or after July 1, 2011 shall, on the first
13 anniversary of retirement, but not before attaining the full
14 (normal) retirement age as provided in the federal Social
15 Security Act, and annually thereafter, have the portion of his
16 or her annuity earned on or after July 1, 2011 increased by the
17 lesser of (1) 3% or (2) one-half of the percentage increase, if
18 any, in the Consumer Price Index for All Urban Consumers
19 measured from the preceding January 1 to the January 1 of the
20 year during which the increase is being granted. The increase
21 for each year shall be applied to the amount of the recipient's
22 originally granted annuity.

23 (40 ILCS 5/18-420 new)

24 Sec. 18-420. Calculation of annuity. When calculating an

1 annuity for a participant who has service before and after July
2 1, 2011, the participant's total accrued benefit shall be the
3 sum of (A) the participant's benefit accruals prior to July 1,
4 2011 as if the participant had retired on that date, and (B)
5 the participant's benefit accruals on or after July 1, 2011, as
6 modified by the rules in sections 18-405, 18-410, and 18-415.
7 Within 180 days after the effective date of this amendatory Act
8 of the 96th General Assembly, the system shall promulgate rules
9 and regulations to effectuate the provisions of this amendatory
10 Act of the 96th General Assembly. In no event shall the
11 participant's total accrued benefit be less, at his retirement,
12 than if the participant's entire period of service had been as
13 a later entrant.

14 (40 ILCS 5/18-425 new)
15 Sec. 18-425. Survivors' annuities based on service
16 performed on or after July 1, 2011. For purposes of calculating
17 an annuity based on service performed on or after July 1, 2011,
18 the initial survivor's annuity of an otherwise eligible
19 survivor shall be in the amount of 66 2/3% of the participant's
20 earned retirement annuity at the date of death and shall be
21 increased (1) on each January 1 occurring on or after the
22 commencement of the annuity if the deceased member died while
23 receiving a retirement annuity or (2) in other cases, on each
24 January 1 occurring after the first anniversary of the
25 commencement of the annuity. Each annual increase shall be

1 calculated at the lesser of (1) 3% or (2) one-half of the
2 percentage increase, if any, in the Consumer Price Index for
3 All Urban Consumers measured from the preceding January 1 to
4 the January 1 of the year during which the increase is being
5 granted. The increase for each year shall be applied to the
6 amount of the recipient's originally granted annuity.

7 ARTICLE 3.

8 Section 3-5. The Illinois Pension Code is amended by adding
9 Section 1-165 as follows:

10 (40 ILCS 5/1-165 new)

11 Sec. 1-165. Definition of salary, earnings, compensation,
12 and wages. Notwithstanding any other provision of this Code to
13 the contrary, for periods of service on and after July 1, 2011
14 for any participant or member of any retirement system or
15 pension fund under this Code, "salary", "earnings",
16 "compensation", and "wages", as applicable under an Article of
17 this Code, means all remuneration for personal services
18 performed defined as "wages" under the Social Security Enabling
19 Act, excluding remuneration which is in excess of the annual
20 earnings, salary, or wages of a member or participant, but
21 including any benefits received by an employee under a sick pay
22 plan in effect before January 1, 1981. "Salary", "earnings",
23 "compensation", and "wages" shall exclude lump sum salary

1 payments:

2 (1) for vacation;

3 (2) for accumulated unused sick leave;

4 (3) upon discharge for approved holidays; and

5 (4) for approved holidays.

6 ARTICLE 99.

7 Section 99-99. Effective date. This Act takes effect upon
8 becoming law.

1 INDEX

2 Statutes amended in order of appearance

- 3 40 ILCS 5/2-300 new
- 4 40 ILCS 5/2-305 new
- 5 40 ILCS 5/2-310 new
- 6 40 ILCS 5/2-315 new
- 7 40 ILCS 5/2-320 new
- 8 40 ILCS 5/2-325 new
- 9 40 ILCS 5/2-330 new
- 10 40 ILCS 5/14-300 new
- 11 40 ILCS 5/14-305 new
- 12 40 ILCS 5/14-315 new
- 13 40 ILCS 5/14-330 new
- 14 40 ILCS 5/15-300 new
- 15 40 ILCS 5/15-305 new
- 16 40 ILCS 5/15-315 new
- 17 40 ILCS 5/15-330 new
- 18 40 ILCS 5/16-300 new
- 19 40 ILCS 5/16-305 new
- 20 40 ILCS 5/16-315 new
- 21 40 ILCS 5/16-330 new
- 22 40 ILCS 5/18-300 new
- 23 40 ILCS 5/18-305 new
- 24 40 ILCS 5/18-310 new
- 25 40 ILCS 5/18-315 new

1 40 ILCS 5/18-320 new
2 40 ILCS 5/18-325 new
3 40 ILCS 5/18-330 new
4 40 ILCS 5/2-400 new
5 40 ILCS 5/2-405 new
6 40 ILCS 5/2-410 new
7 40 ILCS 5/2-415 new
8 40 ILCS 5/2-420 new
9 40 ILCS 5/2-425 new
10 40 ILCS 5/14-400 new
11 40 ILCS 5/14-405 new
12 40 ILCS 5/14-410 new
13 40 ILCS 5/14-415 new
14 40 ILCS 5/14-420 new
15 40 ILCS 5/14-425 new
16 40 ILCS 5/15-400 new
17 40 ILCS 5/15-405 new
18 40 ILCS 5/15-410 new
19 40 ILCS 5/15-415 new
20 40 ILCS 5/15-420 new
21 40 ILCS 5/15-425 new
22 40 ILCS 5/16-400 new
23 40 ILCS 5/16-405 new
24 40 ILCS 5/16-410 new
25 40 ILCS 5/16-415 new
26 40 ILCS 5/16-420 new

- 1 40 ILCS 5/16-425 new
- 2 40 ILCS 5/18-400 new
- 3 40 ILCS 5/18-405 new
- 4 40 ILCS 5/18-410 new
- 5 40 ILCS 5/18-415 new
- 6 40 ILCS 5/18-420 new
- 7 40 ILCS 5/18-425 new
- 8 40 ILCS 5/1-165 new